



**ES BANCSHARES, INC. ANNOUNCES THIRD QUARTER RESULTS; CONTINUES TREND OF INCREASING TANGIBLE BOOK VALUE PER SHARE WHILE ACCELERATING COST SAVINGS PROGRAM**

STATEN ISLAND, N.Y., October 30, 2023 (GLOBE NEWSWIRE) – ES Bancshares, Inc. (OTCQX: ESBS) (the “Company”) the holding company for Empire State Bank, (the “Bank”) today announced financial results for the third quarter of 2023. The Company’s net income was \$133 thousand or \$0.02 per diluted share for the third quarter of 2023, compared to net income of \$655 thousand or \$0.10 per diluted share for the second quarter of 2023.

Key Financial Data				3Q23 Highlights
<b>Profitability Metrics</b>	<b>3Q23</b>	<b>2Q23</b>	<b>3Q22</b>	<ul style="list-style-type: none"> <li>• Net Revenues of \$4.2 million including \$4.0 million of net interest income and \$256 thousand of non-interest income.</li> <li>• Net Income of \$133 thousand and earnings per diluted share of \$0.02.</li> </ul>
Return on average assets (%)	0.09%	0.42%	1.73%	
Return on average common equity (%)	1.17%	5.81%	22.83%	
Return on tangible common equity (%)	1.18%	5.89%	23.15%	
Net interest margin (%)	2.67%	2.86%	3.34%	<ul style="list-style-type: none"> <li>• Average loans increased 1.4% quarter-over-quarter with average total deposits decreasing by 1.3% in linked quarters.</li> <li>• Net interest margin of 2.67% narrowed from 2.86% in linked quarters as increases to the rates paid on interest-bearing deposits outpaced the rise in yields of interest-earning assets</li> </ul>
<b>Income Statement (a)</b>	<b>3Q23</b>	<b>2Q23</b>	<b>3Q22</b>	
Net interest income	\$ 3,977	\$ 4,297	\$ 4,371	
Non-interest income	\$ 256	\$ 328	\$ 2,043	
Net income	\$ 133	\$ 655	\$ 2,354	
Earnings per share- Basic	\$ 0.02	\$ 0.10	\$ 0.35	
Earnings per share- Diluted	\$ 0.02	\$ 0.10	\$ 0.35	<ul style="list-style-type: none"> <li>• Credit quality remains strong with loan delinquencies relatively unchanged.</li> <li>• Accelerates cost cutting program</li> </ul>
<b>Balance Sheet (a)</b>	<b>3Q23</b>	<b>2Q23</b>	<b>3Q22</b>	
Average total loans	\$ 555,919	\$ 548,441	\$ 423,431	
Average total deposits	\$ 487,816	\$ 494,137	\$ 460,624	
Book value per share	\$ 6.79	\$ 6.77	\$ 6.37	
Tangible book value per share	\$ 6.71	\$ 6.68	\$ 6.28	

(a) In thousands except for per share amounts

Phil Guarnieri, the CEO and Director of ES Bancshares, Inc., shared thoughts on the quarter, saying, "Despite the challenges presented by the interest rate landscape, we maintained steady average deposits, while embracing a controlled deceleration in loan growth. Furthermore, we took proactive steps during the quarter to enhance our company-wide operating efficiency, targeting an annualized reduction in operating expenses of seven percent. This effort centers around enhancing our cost structure through measures such as trimming vendor expenditures, automating, and realigning our workforce.

Mr. Guarnieri concluded with, "Although our Company is not immune to the turbulence affecting financial markets and institutions, our core business remains robust, our capitalization is strong, and our asset quality ratios remain solid. We remain dedicated to serving the banking needs of our local communities."



## **Selected Balance Sheet Information:**

*September 30, 2023 vs. December 31, 2022*

As of September 30, 2023, total assets were \$630.3 million, an increase of \$42.4 million, or 7.2%, as compared to total assets of \$587.9 million on December 31, 2022. The increase can be attributed to loan portfolio growth funded by deposit inflows and Federal Home Loan Bank ("FHLB") borrowings during the first nine months of 2023.

Loans receivable, net of Allowance for Loan Credit Losses totaled \$557.9 million, an increase of \$51.1 million from December 31, 2022, due to loan originations. As of September 30, 2023, the Allowance for Loan Credit Losses as a percentage of gross loans was 0.89%.

Nonperforming assets, which includes nonaccrual loans and foreclosed real estate were \$1.7 million or 0.27% of total assets, as of September 30, 2023, increasing modestly from \$1.5 million or 0.25% of total assets at December 31, 2022. The ratio of nonaccrual loans to loans receivable was 0.27% and 0.28%, as of September 30, 2023, and December 31, 2022, respectively.

Total liabilities increased \$40.8 million to \$584.7 from \$543.9 million, driven by deposit increases and by FHLB borrowing. Deposits increased \$21.1 million, or 4.7% to \$470.9 million as of September 30, 2023, when compared to December 31, 2022. The increase in deposits is driven by an increase in Interest-Bearing deposits. FHLB borrowings totaled \$84.0 million at September 30, 2023 compared to \$64.9 million at December 31, 2022 an increase of \$19.1 million or 29.4%.

As of September 30, 2023, the Bank's Tier 1 capital leverage ratio, common equity tier 1 capital ratio, Tier 1 capital ratio and total capital ratios were 9.54%, 13.47%, 13.47% and 14.63%, respectively, all in excess of the ratios required to be deemed "well-capitalized." Book value per common share was \$6.79 compared to \$6.55 at December 31, 2022. Tangible common book value per share (which represents common equity less goodwill, divided by the number of shares outstanding) was \$6.71 at September 30, 2023 compared to \$6.47 at December 31, 2022.

## **Financial Performance Overview:**

*Three Months Ended September 30, 2023 vs. June 30, 2023*

For the three months ended September 30, 2023, net income totaled \$133 thousand compared to \$655 thousand for the second quarter 2023. The decrease can be attributed to a softer margin and increased non-interest expenses quarter over quarter.

Net interest income for the three months ended September 30, 2023, decreased \$320 thousand, to \$4.0 million from \$4.3 million at June 30, 2023. The Company's net interest margin compacted, decreasing by nineteen basis points to 2.67% for the three months ended September 30, 2023, as compared to 2.86% for the three months ended June 30, 2023. The contraction can be attributed to increased pricing pressures for retail deposits seen across the Banking industry.

There was a net provision expense of \$86 thousand for credit losses taken for the three months ended September 30, 2023, compared to \$34 thousand provision entry for the three months ended June 30, 2023.

Non-interest income decreased \$72 thousand, to \$256 thousand for the three months ended September 30, 2023, compared with non-interest income of \$328 thousand for the three months ended June 30, 2023.



The decrease can be attributed to less revenue collected from the sale of loans quarter over quarter, partially offset by an increase in fee income earned from the Bank's loan portfolio.

Non-interest expense totaled \$4.0 million for the three months ended September 30, 2023, compared to \$3.7 million for the three months ended June 30, 2023, or an increase of 6.3%. The fluctuation in non-interest expense can be attributed to accelerated depreciation costs associated with a now relocated administrative location. In addition, the Company negotiated buyouts and accelerations for certain software providers that were expensed in the third quarter as well.

*Nine months ended September 30, 2023 vs. September 30, 2022*

For the nine months ended September 30, 2023, net income totaled \$1.4 million a decrease of \$3.0 million in comparison to \$4.4 million for the nine months ended September 30, 2022. The decrease can mainly be attributed to a branch sale that occurred in the second quarter of 2022, that did not re-occur in 2023.

Net interest income for the nine months ended September 30, 2023, decreased 4.2% or \$540 thousand, to \$12.4 million from \$13.0 million at September 30, 2022. The decrease aligns with the compression seen in the Net Interest Margin as the Fed Funds rate increased 54% from September 2022 to September 2023.

In addition, the Bank has seen a deposit composition shift with a 25% increase in interest-bearing deposits year over year. Recently the deposit composition shift has slowed with average non-interest-bearing deposits increasing quarter over quarter.

Provision for credit losses totaled \$103 thousand for the nine months ended September 30, 2023, compared to a \$178 thousand benefit for the nine months ended September 30, 2022.

Non-interest income totaled \$758 thousand for the nine months ended September 30, 2023, compared with non-interest income of \$2.1 million for the nine months ended September 30, 2022. The decrease can be attributed to the aforementioned branch sale.

Non-interest expense totaled \$11.3 million for the nine months ended September 30, 2023, compared to \$10.3 million for the nine months ended September 30, 2022, or an increase of \$948 thousand or 9.2%. The ratio of non-interest expense to average assets was 1.85% for the nine months of 2023, compared to 1.94% for the nine months ended September 30 2022.

**About ES Bancshares Inc.**

ES Bancshares, Inc. (the "Company") is incorporated under Maryland law and serves as the holding company for Empire State Bank (the "Bank"). The Company is subject to regulation by the Board of Governors of the Federal Reserve System (the "FRB") while the Bank is primarily subject to regulation and supervision by the New York State Department of Financial Services. Currently, the Company does not transact any material business other than through the Bank, its subsidiary.

The Bank was organized under federal law in 2004 as a national bank regulated by the Office of the Comptroller of the Currency (OCC). The Bank's deposits are insured up to legal limits by the FDIC. In March 2009, the Bank converted its charter to a New York State commercial bank charter. The Bank's principal business is attracting commercial and retail deposits in New York and investing those deposits primarily in loans, consisting of commercial real estate loans, and other commercial loans including SBA and mortgage loans secured by one-to-four-family residences. In addition, the Bank invests in mortgage-



backed securities (“MBS”), securities issued by the U.S. Government and agencies thereof, corporate securities and other investments permitted by applicable law and regulations.

We operate from our five Banking Center locations, a Loan Production Office and our Corporate Headquarters located in Staten Island, New York. The Company’s website address is [www.esbna.com](http://www.esbna.com). The Company’s annual report, quarterly earnings releases and all press releases are available free of charge through its website, as soon as reasonably practicable.

### **Forward-Looking Statements**

This release may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this release that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, words such as “may”, “will”, “expect”, “believe”, “anticipate”, “estimate” or “continue” or comparable terminology, are intended to identify forward-looking statements. These statements by their nature involve substantial risks and uncertainties, and actual results may differ materially depending on a variety of factors, many of which are not within ES Bancshares, Inc’s. control. The forward-looking statements included in this release are made only as of the date of this release. We have no intention, and do not assume any obligation, to update these forward-looking statements.

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**Consolidated Statement of Financial Condition**  
(in thousands)

	September 30, 2023	December 31, 2022	September 30, 2022
	-(unaudited)-		-(unaudited)-
<b>Assets</b>			
Cash and cash equivalents	\$ 29,439	38,115	30,481
Securities	15,143	16,042	32,622
Loans receivable, net:			
Real estate mortgage loans	543,852	494,064	459,916
Commercial and Lines of Credit	14,322	14,110	14,484
Home Equity and Consumer Loans	348,029	465	668
Deferred costs	4,362	3,953	3,828
Allowance for Loan Credit Losses (a)	(5,028)	(5,860)	(5,760)
Total loans receivable, net	557,858	506,732	473,136
Investment in restricted stock, at cost	5,782	4,779	3,432
Bank premises and equipment, net	5,608	6,209	5,776
Accrued interest receivable	2,533	2,020	1,975
Goodwill	581	581	581
Reposessed assets	164	-	117
Bank Owned Life Insurance	5,305	5,202	5,168
Other Assets	7,904	8,175	8,132
Total Assets	\$ 630,316	587,855	561,420
<b>Liabilities &amp; Stockholders' Equity</b>			
Non-Interest-Bearing Deposits	125,562	129,641	150,677
Interest-Bearing Deposits	302,509	279,830	263,217
Brokered Deposits	42,873	40,627	39,051
Total Deposits	470,944	449,798	452,945
Bond Issue, net of costs	13,701	13,666	13,658
Borrowed Money	83,980	64,900	35,000
Other Liabilities	16,086	15,490	16,665
Total Liabilities	584,710	543,854	518,268
Stockholders' equity	45,606	44,001	43,152
Total liabilities and stockholders' equity	\$ 630,316	587,855	561,420

(a) The Company adopted ASC 326- Current Expected Credit Losses (CECL) effective 1/1/2023 resulting in a recapture of reserve through Retained Earnings



ES Bancshares, Inc.  
Consolidated Statement of Income  
(in thousands)

	Three Months Ended			Nine Months Ended	
	September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	------(unaudited)-----			------(unaudited)-----	
<b>Interest income</b>					
Loans	\$ 6,715	\$ 6,505	\$ 4,943	\$ 19,284	\$ 14,386
Securities	111	112	172	336	426
Other interest-earning assets	319	454	164	1,140	385
Total Interest Income	<u>7,145</u>	<u>7,071</u>	<u>5,279</u>	<u>20,760</u>	<u>15,197</u>
<b>Interest expense</b>					
Deposits	2,459	2,032	643	6,107	1,284
Borrowings	710	742	394	2,220	939
Total Interest Expense	<u>3,169</u>	<u>2,774</u>	<u>1,037</u>	<u>8,327</u>	<u>2,223</u>
<b>Net Interest Income</b>	<u>3,977</u>	<u>4,297</u>	<u>4,242</u>	<u>12,434</u>	<u>12,974</u>
Prov(Benefit) for Credit Losses	86	34	-	103	(178)
<b>Net Interest Income after Prov(Benefit)for Credit Losses</b>	<u>3,891</u>	<u>4,263</u>	<u>4,242</u>	<u>12,331</u>	<u>13,152</u>
<b>Non-interest income</b>					
Deposit service charges	106	98	84	284	256
Loan fee income	99	68	83	224	300
Gain on Loan Sales	12	126	-	138	241
Gain on Branch Sale	-	-	-	-	1,782
Other	39	36	99	112	234
Total non-interest income	<u>256</u>	<u>328</u>	<u>266</u>	<u>758</u>	<u>2,813</u>
<b>Non-interest expenses</b>					
Compensation and benefits	1,856	1,953	1,826	5,664	5,386
Occupancy and equipment	729	640	722	2,010	2,077
Data processing service fees	397	340	345	1,039	867
Marketing	107	99	(35)	305	173
Professional fees	315	213	194	747	654
NYS Banking & FDIC Assessments	71	57	14	183	169
Printing & Office Supplies	31	39	45	127	118
Insurance	54	41	53	140	123
Other	415	358	217	1,071	772
Total non-interest expense	<u>3,975</u>	<u>3,740</u>	<u>3,381</u>	<u>11,287</u>	<u>10,339</u>
<b>Income prior to tax expense</b>	<u>172</u>	<u>851</u>	<u>1,127</u>	<u>1,802</u>	<u>5,626</u>
Income taxes	39	196	255	414	1,220
<b>Net Income</b>	<u>\$ 133</u>	<u>\$ 655</u>	<u>\$ 872</u>	<u>\$ 1,388</u>	<u>\$ 4,406</u>

For the Three Months Ended (dollars in thousands)									
September 30, 2023			June 30, 2023			September 30, 2022			
Avg Bal	Interest		Avg Bal	Interest	Average	Avg Bal	Interest	Average	
Rolling	Rolling	Average	Rolling	Rolling	Average	Rolling	Rolling	Average	
3 Mos.	3 Mos.	Yield/Cost	3 Mos.	3 Mos.	Yield/Cost	3 Mos.	3 Mos.	Yield/Cost	
<b>Assets</b>									
Interest-earning assets:									
Loans receivable	\$ 555,919	\$ 6,715	4.83%	\$ 548,441	\$ 6,505	4.74%	\$ 456,085	\$ 4,943	4.33%
Investment securities	16,151	111	2.75%	16,194	112	2.77%	33,194	172	2.07%
Interest bearing deposits	20,260	231	4.56%	32,687	374	4.58%	27,240	114	1.68%
Restricted investment in bank stock	4,273	88	8.24%	4,320	80	7.41%	1,691	50	11.78%
Total interest-earning assets	596,602	7,145	4.79%	601,642	7,072	4.70%	518,210	5,279	4.07%
Non-interest earning assets	17,371			17,924			19,798		
Total assets	<u>\$ 613,973</u>			<u>\$ 619,566</u>			<u>\$ 538,008</u>		
<b>Liabilities and Stockholders' Equity</b>									
Interest-bearing liabilities:									
Interest-bearing checking	\$ 29,162	\$ 28	0.38%	\$ 27,694	\$ 26	0.38%	\$ 32,736	\$ 34	0.41%
Money market accounts	4,060	4	0.42%	4,367	3	0.25%	6,589	3	0.20%
Savings accounts	117,790	532	1.79%	133,996	446	1.33%	134,132	180	0.53%
Certificates of deposit	212,094	1,895	3.54%	206,246	1,557	3.03%	117,679	426	1.44%
Total interest-bearing deposits	363,105	2,459	2.69%	372,302	2,032	2.19%	291,136	643	0.88%
Borrowings	51,557	488	3.76%	52,853	520	3.95%	35,000	173	1.96%
Subordinated debenture	13,695	222	6.42%	13,681	221	6.48%	13,655	221	6.42%
Total interest-bearing liabilities	428,357	3,168	2.93%	438,836	2,773	2.53%	339,791	1,037	1.21%
Non-interest-bearing demand deposits	124,711			121,835			140,464		
Other liabilities	15,348			13,975			14,803		
Total non-interest-bearing liabilities	140,059			135,810			155,267		
Stockholders' equity	45,557			44,921			42,950		
Total liabilities and stockholders' equity	<u>\$ 613,973</u>			<u>\$ 619,566</u>			<u>\$ 538,008</u>		
Net interest income		<u>\$ 3,977</u>			<u>\$ 4,299</u>			<u>\$ 4,242</u>	
Average interest rate spread			1.86%			2.17%			2.86%
Net interest margin			2.67%			2.86%			3.27%

Five Quarter Performance Ratio Highlights	Three Months Ended				
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022
<b>Income Statement</b>					
Return on Average Assets	0.09%	0.42%	0.40%	0.60%	0.65%
Return on Average Equity	1.17%	5.81%	5.40%	7.71%	8.12%
Return on Average Tangible Equity	1.18%	5.89%	5.47%	7.82%	8.23%
Efficiency Ratio	93.89%	80.86%	82.42%	75.03%	60.97%
<b>Yields / Costs</b>					
Average Yield - Interest Earning Asset:	4.79%	4.70%	4.54%	4.45%	4.07%
Cost of Funds	2.93%	2.53%	2.38%	1.79%	1.21%
Net Interest Margin	2.67%	2.86%	2.89%	3.26%	3.27%
<b>Capital Ratios</b>					
Equity / Assets	7.24%	7.24%	7.01%	7.48%	7.68%
Tangible Equity / Assets	7.15%	7.15%	6.92%	7.39%	7.59%
Tier I leverage ratio (a)	9.54%	9.40%	9.65%	10.1%	10.3%
Common equity Tier I capital ratio (a)	13.47%	13.67%	13.87%	14.3%	14.7%
Tier I Risk-based capital ratio (a)	13.47%	13.67%	13.87%	14.3%	14.7%
Total Risk-based capital ratio (a)	14.63%	14.92%	15.12%	15.5%	16.0%
<b>Stock Valuation</b>					
Book Value	\$ 6.79	\$ 6.77	\$ 6.67	\$ 6.55	\$ 6.47
Tangible Book Value	\$ 6.71	\$ 6.68	\$ 6.59	\$ 6.47	\$ 6.39
Shares Outstanding (b)	6,714	6,714	6,714	6,714	6,666
<b>Asset Quality</b>					
CECL / Total Loans	0.89%	0.89%	0.90%	1.14%	1.20%
Non Performing Loans / Total Loans	0.27%	0.25%	0.17%	0.28%	0.34%
Non Performing Assets / Total Assets	0.27%	0.25%	0.19%	0.25%	0.31%

(a) Ratios at Bank level

(b) Shares information presented in thousands